



uMNGENI MUNICIPALITY

AUDITED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

I am responsible for the preparation of these annual financial statements, which are set out on pages 2 to 32 in terms of section 126 (1) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 9 of these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act, 1998 (Act No. 20 of 1998) and the Minister of Provincial and Local Government's determination in accordance with this Act.

A J van der Merwe
Acting Municipal Manager

29 August 2008

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STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2008

	Notes	2008	2007
		R	R
CAPITAL EMPLOYED			
Community wealth			
Housing operating account	1	13 485 514	14 652 334
Capital replacement reserve		765 111	765 111
Capitalisation reserve		19 590 228	23 447 959
Government grant reserve		48 744 307	50 807 614
Donations and public contributions reserve		914 008	928 826
Revaluation reserve		11 036 750	11 036 750
Accumulated surplus / (deficit)	19	7 863 304	36 736 384
		<hr/>	<hr/>
		102 399 222	138 374 978
		<hr/>	<hr/>
Non-current liabilities			
Long term liabilities	2	48 128 842	50 800 534
Retirement benefits	31	10 543 000	8 538 809
Long service awards and retirement gifts	32	2 000 710	1 474 412
Refuse Site Rehabilitation costs	33	3 000 000	2 500 000
		<hr/>	<hr/>
		63 672 552	63 313 755
		<hr/>	<hr/>
Current liabilities			
Bank overdraft	13	5 164 842	5 696 481
Consumer deposits	3	1 320 188	3 237 859
Creditors	7	44 654 528	43 175 577
Provision for Revaluation costs		-	-
Unspent conditional grants and receipts	6	8 235 799	6 796 722
Current portion of long term liabilities	2	2 441 513	1 760 014
Current portion of Retirement benefits	31	329 000	300 144
Current portion of long service awards and retirement gifts	32	263 063	140 121
Current portion of Refuse Site Rehabilitation costs	33	2 500 000	2 000 000
		<hr/>	<hr/>
		64 908 933	63 106 918
		<hr/>	<hr/>
Total Capital and Liabilities			
		230 980 707	264 795 651
		<hr/>	<hr/>
EMPLOYMENT OF CAPITAL ASSETS			
Non-current assets			
Property, plant and equipment	36	172 718 287	159 251 311
Investments	4	350 314	350 314
		<hr/>	<hr/>
		173 068 601	159 601 625
		<hr/>	<hr/>
Current assets			
Consumer receivables	5	54 663 216	79 233 884
Other receivables	5	2 127 379	5 426 904
Investments - short term	4	1 116 751	20 525 377
Bank balances and cash	27	4 760	7 861
		<hr/>	<hr/>
		57 912 106	105 194 026
		<hr/>	<hr/>
Total Assets			
		230 980 707	264 795 651
		<hr/>	<hr/>

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STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2008

		Actual		Budget	
	Notes	2008	2007	2008	2007
		R	R	R	R
REVENUE					
Property rates	8	55 825 195	43 278 859	61 911 189	44 527 404
Property rates - penalties imposed and collection charges		3 687 544	3 122 387	11 500 000	9 635 800
Service charges	18	24 588 188	32 465 915	31 831 852	29 307 273
Rental of facilities and equipment		407 219	1 038 722	77 300	134 215
Interest earned					
External investments		549 617	541 843	1 000 000	800 000
Outstanding debtors		3 827 397	4 186 434	6 000 000	6 000 000
Fines		150 040	369 794	1 000 000	700 000
Licences and permits		1 741 135	1 163 067	1 155 000	2 215 181
Government grants and subsidies	25	30 201 071	29 118 325	17 238 000	17 374 799
Other income		17 900 230	3 876 257	6 694 228	11 691 169
Public contributions and donations			-		
Gains on disposal of property, plant and equipment			-		
Departmental recharges		11 270 358	10 632 416	11 270 358	10 632 416
Total Revenue		150 147 993	129 794 019	149 677 927	133 018 257
EXPENDITURE					
Employee related costs	29	52 067 327	46 178 858	56 734 801	46 784 298
Remuneration of councillors	9	3 648 628	3 363 231	3 451 500	3 359 430
Bad debts	5	712 708	6 393 587	-	7 300 000
Depreciation	36	6 491 054	6 510 579	4 487 173	-
Repairs and maintenance		8 053 541	7 827 141	10 659 917	7 525 139
Interest paid	11	5 584 421	1 937 674	5 438 369	1 235 379
Bulk purchases	26	16 169 102	15 214 029	16 848 131	15 214 030
Contracted services		3 038 983	3 041 764	1 800 000	1 495 490
Retirement and long services benefits	31/32	2 682 287	921 911	-	-
General expenses		33 317 522	39 050 381	24 595 834	38 212 226
Loss on disposal of property, plant and equipment		-	98 683	-	-
Contributions		886 642	1 774 201	14 378 000	1 226 481
Refuse Site Rehabilitation cost		1 000 000	2 000 000	-	-
Departmental recharges		11 270 358	10 632 416	11 270 358	10 632 416
Total Expenditure		144 922 574	144 944 455	149 664 083	132 984 889
SURPLUS (DEFICIT) FOR THE YEAR		5 225 420	-15 150 436	13 844	33 368
Refer to Appendix E (1) for the comparison with the approved budget			-	-	

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STATEMENT OF CHANGES IN RESERVES AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED 30 JUNE 2008

	Housing operating account	Capital replacement reserve	Capitalisation reserve	Government grant reserve	Donations and public contributions reserve	Revaluation reserve	Accumulated surplus/ (deficit)	Total
	R	R	R	R	R	R	R	R
30 June 2007								
Balance at 01 July 2006	14 652 334	765 111	23 447 959	50 807 614	928 826	11 036 750	36 736 384	138 374 978
Implementation of GAMAP (Note 31.5)								-
Restated balance	15 202 020	8 566 440	23 610 946	48 504 116	932 923	11 775 583	52 203 543	138 374 978
Surplus (deficit) for the year	-549 686						-15 150 436	-15 700 122
Transfer to Capital Replacement Reserve		7 000 000					-7 000 000	-
Financing of PPE acquisitions		-14 801 329					14 801 329	-
Prior year adjustments							7 650 828	7 650 828
Transfer to Medical and Long Service Award							-9 531 575	-9 531 575
Asset disposals			-162 987	-3 937 904		-738 833		-4 839 724
Offsetting of depreciation ex Reserves				-2 063 307	-4 097		2 067 404	-
Transfer to Reserves to meet future depreciation				8 304 709			-8 304 709	-
Transfer to Housing operating account								-
Asset disposals								-
Offsetting of depreciation								-
Balance at 30 June 2007	14 652 334	765 111	23 447 959	50 807 614	928 826	11 036 750	36 736 384	138 374 978
30 June 2008								
Implementation of GAMAP								
Restated balance	14 652 334	765 111	23 447 959	50 807 614	928 826	11 036 750	36 736 384	138 374 978
Surplus (deficit) for the year	-1 166 820						5 225 420	4 058 600
Transfer to Capital Replacement Reserve								-
Financing of PPE acquisitions								-
Prior year adjustments							-14 691 843	-14 691 843
Transfer to District Municipality							-25 342 513	-25 342 513
Asset disposals								-
Offsetting of depreciation ex Reserves			-3 857 731	-2 063 307	-14 818		5 935 856	-
Transfer to Reserves to meet future depreciation								-
Balance at 30 June 2008	13 485 514	765 111	19 590 228	48 744 307	914 008	11 036 750	7 863 304	102 399 222

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CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2008

		2008	2007
	Notes	R	R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from (utilised in) operations	20/21	22 405 174	-4 350 951
Interest received		549 617	541 843
Interest paid		-5 584 421	-1 937 674
Net Cash from (utilised in) operating activities		17 370 370	-5 746 782
CASH FLOWS FROM (UTILISED IN) INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-18 533 927	-45 982 028
Proceeds on disposal of property, plant and equipment		-	883 340
Increase in investment properties		-	-
(Increases) decreases in non-current receivables		-	-
(Increases) decreases in non-current investments		-	-
		-18 533 927	-45 098 688
CASH (UTILISED IN) GENERATED FROM INVESTING ACTIVITIES		-1 163 557	-50 845 470
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised/ (repaid)	22	-1 990 192	38 848 935
(Increase) / decrease in cash investments		-	
Increase in liability for retirement and long service gifts	31/32	2 682 287	10 453 486
Increase in liability for rehabilitation of refuse sites	33	1 000 000	4 500 000
Increase / (decrease) in contributions from public/state		-	-
Net cash generated from / (utilised in) financing activities		1 692 095	53 802 421
		528 538	2 956 951
Cash and cash equivalents			
At the beginning of the year	23	-5 688 620	-2 731 669
At the end of the year	23	-5 160 082	-5 688 620
NET INCREASE (DECREASE) IN CASH EQUIVALENTS		-528 538	-2 956 951

uMNGENI MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

1 BASIS OF PRESENTATION

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of :

General Notice 991 of 2005 issued in Government Gazette no. 28095 of 15 December 2005; and
General Notice 992 of 2005 issued in Government Gazette no. 28095 of 07 December 2005.

The Standards comprise of the following:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GAMAP 4	The Effects of Changes in Foreign Exchange Rates
GAMAP 6	Consolidated Financial Statements and Accounting for Controlled Entities
GAMAP 7	Accounting for Investments in associates
GAMAP 8	Financial Reporting of Interests in Joint Ventures
GAMAP 9	Revenue
GAMAP 12	Inventories
GAMAP 17	Property, Plant and Equipment
GAMAP 19	Provisions, Contingent Liabilities and Contingent Assets

Accounting policies for material transactions, events or conditions not covered by the above mentioned GRAP and GAMAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

2 PRESENTATION CURRENCY

The annual financial statements are presented in South African Rand to the nearest Rand

3 GOING CONCERN ASSUMPTION

The annual financial statements are prepared on a going concern basis

4 HOUSING OPERATING ACCOUNT

The Housing Operating Account was established in terms of the Housing Act, 1997 (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 01 April 1998 and transferred to a Housing Operating Account. Housing selling schemes, both complete and in progress at 01 April 1998, were also transferred to the Housing Operating Account. In terms of the said Act, all proceeds from housing developments, including rental income and sales of houses, must be paid into the Housing Operating Account. Monies standing to the credit of this account can only be used to finance housing developments within the municipal area subject to the approval of the Provincial Member of the Executive Committee responsible for housing.

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ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

5 RESERVES

5.1 Capital Replacement Reserve (C R R)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus / (deficit) to the C R R. A corresponding amount is transferred to a designated C R R bank or investment account. The cash in the designated C R R bank account can only be utilised to finance items of property, plant and equipment. The C R R is reduced and the accumulated surplus / (deficit) is credited by a corresponding amount when the amounts in the C R R are utilised.

The amount transferred to the C R R is based on the municipality's need to finance future capital projects which have been identified in the Integrated Development Plan.

5.2 Capitalisation Reserve

On the implementation of GAMAP/GRAP, the balances on certain funds, created in terms of the erstwhile Local Authorities Ordinance, 1974 (No. 25 of 1974) that had historically been utilised for the acquisition of items of property, plant and equipment have been transferred to a Capitalisation Reserve instead of the accumulated surplus / (deficit) in terms of a directive (budget circular) issued by National Treasury. The purpose of this Reserve is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus / (deficit).

The balance on the Capitalisation Reserve is equal to the carrying value of the items of property, plant and equipment financed from the former legislated funds.

When items of property, plant and equipment are depreciated, an equivalent amount is transferred from the Capitalisation Reserve to the accumulated surplus / (deficit).

When items of property, plant and equipment are disposed of, the balances in the Capitalisation Reserve relating to such items are transferred to the accumulated surplus / (deficit).

5.3 Government Grant Reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus / (deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury.

When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus / (deficit).

The purpose of this policy is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus / (deficit).

When items of property, plant and equipment financed from government grants are disposed of, the balances in the Government Grant Reserve relating to such items are transferred to the accumulated surplus / (deficit).

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ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

5.4 Donations and Public Contributions Reserve

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus / (deficit) to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury.

When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus / (deficit).

The purpose of this policy is to promote consumer equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful lives of items of property, plant and equipment financed from donations and public contributions.

When items of property, plant and equipment financed from donations and public contributions are disposed of, the balances in the Donations and Public Contributions Reserve relating to such items are transferred to the accumulated surplus / (deficit).

5.5 Revaluation Reserve

Unrealised surpluses arising from the revaluations of land and buildings are credited to a Non-Distributable Reserve. Revaluation surpluses are realised as revalued buildings are depreciated, by means of transfers from the revaluation reserve to the accumulated surplus / (deficit).

When revalued land and buildings are disposed of, the net revaluation surpluses in the Revaluation Reserve relating to such items are transferred to the accumulated surplus / (deficit), while gains and losses on disposal, based on revalued amounts, are credited or charged to the Statement of Financial Performance.

6 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated in the annual financial statements at cost less accumulated depreciation, except for land and buildings, which are revalued as indicated below. Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives. Similarly, land is not depreciated as it is deemed to have an indefinite life.

The cost of an item of property, plant and equipment comprises purchase price, import duties, non-refundable purchase taxes and directly attributable costs of bringing the asset to working condition for its intended use, such as site preparation, initial delivery, handling, installation and professional fees. Where items of property, plant and equipment have been impaired, the carrying values are adjusted by the impairment losses. These losses are recognised as expenses in the period that the impairments are identified except where an impairment reverses a previous revaluation.

Where impaired land and buildings are revalued, the increase in value of land and buildings is recognised as revenue to the extent that it reverses the impairment loss which was previously recognised as an expense.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets or a combination of monetary and non-monetary assets is measured at its fair value. If the acquired item cannot be measured at its fair value, its cost will be measured at the carrying amount of the asset given up.

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ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

The costs/revaluations of property, plant and equipment are depreciated using the straight line method over the period of the estimated useful lives of the assets. Depreciation on new acquisitions is charged to the Statement of Financial Performance in the financial year that economic benefits accrue to Council.

The annual depreciation rates are based on the following estimated useful lives of the assets:

	Years		Years
Infrastructure		Other	
Roads and paving	30	Buildings	30
Pedestrian malls	30	Specialist vehicles	10
Electricity	20 - 30	Other vehicles	5
Housing	30	Office equipment	3
		Furniture and fittings	7 - 10
Community		Watercraft	15
		Bins and containers	5
Buildings	30	Specialised plant and equipment	10 - 15
Recreational facilities	20 - 30	Other items of plant and equipment	2 - 5
Security	5	Landfill sites	15

The estimated useful lives are periodically reviewed in order to adjust them if they have changed.

Items of Property, Plant and Equipment which are acquired at no cost or for a nominal cost is recognised at their fair values.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is immediately written down to its recoverable amount and the impairment loss is charged to the Statement of Financial Performance in the period that they are identified.

In terms of GAMAP 17 the Council has used the transitional provisions to recognise items of Property, Plant and Equipment, which were not previously recognised, at their fair values and to correct the financing of assets so as to facilitate the recovery of depreciation from the reserves.

7 REVALUATION OF LAND AND BUILDINGS

Land and buildings are stated in the annual financial statements at revalued amounts, being the fair value at the date of revaluation less subsequent accumulated depreciation of buildings.

8 INVESTMENT PROPERTY

Investment property, which is property held to earn rental revenue or for capital appreciation, is stated in the annual financial statements at municipal valuation less accumulated depreciation and accumulated impairment losses. Depreciation is determined on the cost of each building using the straight line method over the period of the estimated useful life of the property which is 50 years.

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ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

9 INVESTMENTS

9.1 Financial instruments

Financial instruments, which include unlisted, reciprocal municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks are stated in the annual financial statements at the lower of cost or fair value. No impairments are required as the cost values equate to their cash values.

Where investments have been impaired, the carrying values are adjusted by the impairment losses, which are recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net proceeds on disposal and the carrying amount is charged or credited to the Statement of Financial Performance.

10 INVENTORIES

Inventories are comprised of consumable stores, raw materials and finished goods and are stated in the annual financial statements at the lower of average cost, determined on the first in first out method first out method and net realisable value. Cost includes deductions for discounts and rebates.

Redundant and slow moving inventories are identified and sold by public auction and any gain or loss on disposal is recognised in the Statement of Financial Performance.

Unsold properties are stated in the annual financial statements at the lower of cost, determined on the average cost method and net realisable value. Direct costs are accumulated for each separately identifiable development. Cost also includes a proportion of overhead costs.

11 ACCOUNTS RECEIVABLE

Accounts receivable are stated in the annual financial statements at the value of billings to consumers/ ratepayers, less deductions for discounts given or rebates granted less a provision for doubtful accounts.

Provision for doubtful accounts is made, based on a review of all outstanding amounts at the financial year end. Contributions to the provision are calculated on a specific debt basis plus 10 per cent of all debts older than 120 Days but excluding rates, rates penalties and rates collection charges.

Bad debts are written off in the period that they are identified. Amounts that are receivable within one year are classified as current assets.

12 ACCOUNTS PAYABLE

Accounts payable are stated in the annual financial statements at the amounts due to trade and other creditors for goods or services received. The liabilities are generally settled within a period of 30 Days, accordingly any impairments, if any, are considered to be immaterial.

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ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

13 REVENUE RECOGNITION

13.1 Revenue from Exchange transactions

Service charges for Electricity are based on consumption by consumers as is recorded on each consumers' meter. Meters are read each month and the revenue is recognised in the period that invoices are raised. Provisional estimates of consumption are made in periods where meter readings have not been able to be carried out. The revenue from these provisional readings is also recognised as revenue when invoiced. Adjustments to provisional estimates and recognition of the amended revenue arising there from are made in the invoicing period in which meters are read. Revenue from the sale of electricity prepaid meter cards is recognised in the period in which cash is received.

Service charges for refuse removal are raised and recognised on a monthly basis in arrears and are based on the application of the approved tariff to each property that has improvements, the category of property usage and the number of refuse containers on each property regardless of whether or not containers are emptied during the month

Interest and rentals are recognised on a time proportion basis

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service has been rendered and the fee has been charged or licences and permits have been issued.

Income from agency services is recognised on a monthly basis once the income collected for agents has been quantified and once the terms of the agency agreement have been complied with.

Revenue from the sale of goods is recognised when the risk passes to the consumer.

Revenue from public contributions is recognised when all the conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items are brought into use. A liability is raised when a public contribution has been received but all the conditions have not been met.

13.2 Revenue from Non-exchange transactions

Revenue from assessment rates is recognised when the legal entitlement arises. Collection charges are recognised when such amounts have been raised and are legally enforceable. Penalty interest is raised on unpaid rates after the due date for payment and is recognised on a time proportion basis.

Revenue from the collection of spot fines and summonses is recognised when payment is received.

Donations are recognised when cash is received or when property, plant and equipment is brought into use.

Contributions of property, plant and equipment are recognised when the items are acquired.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Local Government : Municipal Finance Management Act, 2003 (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible Councillors or officials is virtually certain.

14 CONDITIONAL GRANTS AND RECEIPTS

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. A liability is recognised to the extent that the criteria, conditions or obligations have not been met.

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ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

15 PROVISIONS

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at the reporting date and adjusted to reflect the current best estimate.

16 CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

Cash and cash equivalents in the cash flow statement comprise cash on hand, deposits held on call with banks, net of bank overdrafts.

Bank overdrafts are recorded at the current value of the utilisation of approved facilities from the Municipality's bankers. Finance charges on bank overdrafts are expensed as incurred.

17 UNAUTHORISED EXPENDITURE

Unauthorised expenditure represents expenditure which has been incurred but not budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Local Government : Municipal Finance Management Act, 2003 (Act No. 56 of 2003). Unauthorised expenditure is accounted for in the Statement of Financial Performance as an expense and as revenue where it is subsequently recovered.

18 IRREGULAR EXPENDITURE

Irregular expenditure excludes unauthorised expenditure and represents expenditure incurred that is contrary to the provisions of the Local Government : Municipal Finance Management Act, 2003 (Act No.56 of 2003) the Municipal Systems Act, 2000 (Act No. 32 of 2000), the Public Office Bearers Act, 1998 (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure is accounted for in the Statement of Financial Performance as an expense and as revenue when it is subsequently recovered.

19 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure represents expenditure that was made in vain and would have been avoided if reasonable care had been exercised. Fruitless and wasteful expenditure is accounted for in the Statement of Financial Performance as an expense and as revenue where it is subsequently recovered.

20 RETIREMENT BENEFITS

The municipality provides retirement benefits for its employees and councillors. Contributions are made to the Natal Joint Municipal Pension Fund to fund the obligations for the payment of retirement benefits in accordance with the rules of the three defined benefit funds it administers.

Contributions are charged as an expense in the Statement of Financial Performance in the year that they become payable.

The funds are actuarially valued every three years using the discounted cash flow method. Any deficits identified by the actuary are recovered from participating municipalities in the form of surcharges added to the Contributions which are charged as an expense in the Statement of Financial Performance in the year that they become payable.

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ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

21 BORROWING COSTS

Borrowing costs are recognised in the Statement of Financial Performance in the year in which they become payable.

22 DEPOSITS

Deposits received from consumers are based on the estimated monthly consumption and are calculated to cover approximately two and one half to four months consumption, taking into consideration each consumer's profile. In the event of a disconnection of service for non payment, the value of the deposit is reviewed and adjusted in terms of the Council's credit control policy. No interest is paid on deposits held.

23 OPERATING LEASES

Payments made on operating lease agreements are expensed and charged to the Statement of Financial Performance in the period in which such payments are due. These agreements do not transfer risk and rewards associated with ownership of an asset to the Municipality.

24 PRIOR YEAR COMPARATIVES

Prior period comparatives are reclassified when the presentation or classification of items in the annual financial statements is amended.
Prior year figures on the statement of Financial Performance and Appendix D have been restated due to the transfer of the powers and function to the District Municipality. The Annual Financial Statements for 2007 reflected R 160 291 179 for income and R 175 441 615 for expenditure. These figures were restated as R 129 794 019 and R 144 944 455 respectively.

uMNGENI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

1. HOUSING OPERATING ACCOUNT

Government Grant Reserve (Principally arising from loans extinguished in 1998 - R9 747 726)
Accumulated surplus(deficit)

2008	2007
R	R
14 630 865	14 630 865
-1 145 352	21 468
13 485 513	14 652 333

Housing inventory
Debtors
Investments - External
Bank overdraft

14 557 625	14 574 180
73 240	56 685
-	21 468
-1 145 352	
13 485 513	14 652 333

2. LONG TERM LIABILITIES

Annuity loans
Finance management agreements

48 021 033	49 656 082
2 549 322	2 904 466

Total External loans

50 570 355	52 560 548
------------	------------

LESS : Current portion transferred to current liabilities

-2 441 513	-1 760 014
------------	------------

(Refer to appendix A for more detail)

48 128 842	50 800 534
------------	------------

Annuity loans

The loans attract interest at rates between 8.5% and 17.8% per annum, are being redeemed in monthly instalments, including interest, over varying periods until 2009

Bank loans

Bear interest at Prime Less 1%

Fair value impairments

Long term loans are recorded at the actual liability to loan creditors. No impairment, if any has been recognised.

3. CONSUMER DEPOSITS: SERVICES

Electricity
Water

1 320 188	1 246 030
-	1 991 829
1 320 188	3 237 859

4. INVESTMENTS

Unlisted

Long-term deposits
Financial instruments
Fixed deposits with Institution in curatorship

350 314	350 314
---------	---------

Long Term portion

350 314	350 314
---------	---------

Short term investments
Collateral security fixed deposits
Notice deposits

864 038	2 347 100
252 713	18 178 277

Short Term portion

1 116 751	20 525 377
-----------	------------

Total investments

1 467 065	20 875 691
-----------	------------

Council's valuation of unlisted investments

1 467 065	20 875 691
-----------	------------

Average rate of return on investments

13.89%	14.00%
--------	--------

The investments in curatorship have been written down to its estimated impaired value as indicated by the curator

350 314	350 314
---------	---------

Investments pledged as collateral security for loans advanced to staff amount to

864 038	2 347 100
---------	-----------

uMNGENI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

5. RECEIVABLES

Consumer receivables
Other sundry receivables
District Council - powers and functions

2008 R	2007 R
76 365 489	109 733 878
2 127 379	4 722 119
-	704 785
78 492 868	115 160 782
-21 702 273	-30 499 994
56 790 595	84 660 788

Less: Provision for Bad Debts

Management have considered the effects of any impairment in the values of outstandings and the value of the provision for bad debts. The provision is adequate to account for any material losses expected to arise from any adjustments that are required to be made to outstandings

Consumer receivables

Rates
Water
Electricity
Sewerage
Housing
Refuse
Sundries
Legal costs
VAT

52 098 498	48 371 542
-	23 666 196
9 922 137	9 678 667
-	10 518 110
73 240	56 685
3 886 389	3 682 173
9 846 743	10 437 044
111 583	64 381
426 899	3 259 080
76 365 489	109 733 878

The net water and sewerage receivables, after deposits and the distribution accounts amounting to R41 375 963 have been transferred to the District municipality. In accordance with the provisions of GRAP 3, it is impracticable to achieve comparability of 2006/2007 with the 2008 financial year. As a consequence, the adjustments required to eliminate the amount from the books has been recorded as a transfer in the Statement of Changes in Reserves and Accumulated Surplus and a reduction in the Provision for Bad Debts in the 2007/2008 financial year.

Amounts written off as bad debts
As a percentage of total operating revenue
Number of days outstanding

12 000 000	9 748 339
7.38%	6.08%
212	215

Age analysis

Rates

Current (0 to 30 days)
31 to 60 days
61 to 90 days
91 to 120 days
121 days to 150 days
151 days and over

-362 097	3 838
2 874 469	2 646 359
5 832 989	1 595 331
2 959 156	1 639 774
1 865 006	1 539 350
38 928 975	40 946 890
52 098 498	48 371 542

Water

Current (0 to 30 days)
31 to 60 days
61 to 90 days
91 to 120 days
121 days to 150 days
151 days and over

-	1 766 780
-	990 605
-	787 671
-	1 054 629
-	678 924
-	18 387 587
-	23 666 196

Electricity

Current (0 to 30 days)
31 to 60 days
61 to 90 days
91 to 120 days
121 days to 150 days
151 days and over

1 219 525	1 835 169
423 437	620 452
208 955	336 012
170 225	327 043
162 766	243 886
7 737 229	6 316 105
9 922 137	9 678 667

Sewerage

Current (0 to 30 days)
31 to 60 days
61 to 90 days
91 to 120 days
121 days to 150 days
151 days and over

-	352 761
-	331 265
-	303 240
-	410 167
-	293 068
-	8 827 609
-	10 518 110

uMNGENI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

Refuse

Current (0 to 30 days)
 31 to 60 days
 61 to 90 days
 91 to 120 days
 121 days to 150 days
 151 days and over

2008	2007
R	R
60 656	57 590
18 204	18 367
7 546	7 230
6 642	27 489
5 947	5 841
3 787 394	3 565 656
3 886 389	3 682 173

Sundries

Current (0 to 30 days)
 31 to 60 days
 61 to 90 days
 91 to 120 days
 121 days to 150 days
 151 days and over

59 876	90 585
152 431	88 192
242 787	53 156
67 207	93 792
48 171	47 655
9 276 271	10 063 664
9 846 743	10 437 044

Legal costs

Current (0 to 30 days)
 31 to 60 days
 61 to 90 days
 91 to 120 days
 121 days to 150 days
 151 days and over

5 712	8 479
6 309	5 674
5 862	15 314
5 900	1 070
3 330	4 906
84 470	28 938
111 583	64 381

Housing

Current (0 to 30 days)
 31 to 60 days
 61 to 90 days
 91 to 120 days
 121 days to 150 days
 151 days and over

9 731	8 134
2 833	5 678
8 849	2 925
3 197	2 898
2 802	3 968
45 828	33 082
73 240	56 685

Provision for Bad Debts

Balance at beginning of year

30 499 994 32 285 760

Contributions made during the year

3 202 279 7 962 573

33 702 273 40 248 333

Debts written off during the year

-12 000 000 -9 748 339

21 702 273 30 499 994

6. UNSPENT CONDITIONAL GRANTS AND RECEIPTS**Conditional Grants from other spheres of Government**

336 547 3 549 928

MIG Grants
 DME Grants

-	796 793
336 547	2 753 135

Other Conditional Receipts

7 899 252 3 246 794

Provincial conditional
 Other
 Housing

4 579 473	965 229
694 659	-
2 625 120	2 281 565

Total Conditional Grants and Receipts

8 235 799 6 796 722

See Note 25 for the reconciliation of grants from other spheres of government. These amounts are invested in a ring fenced investment until utilised.

7. CREDITORS

Trade creditors
 Deposits - other
 Unclaimed payments
 Other sundry creditors District Municipality
 Staff leave
 Retentions
 Payments received in advance
 Value Added Taxation
 Museum trust account

32 800 459 30 704 650
 188 499 82 408
 3 375 360 1 584 635
 - -
 4 840 060 4 381 765
 2 378 898 2 631 457
 - -
 972 677 3 702 954
 98 576 87 708

44 654 528 43 175 577

uMNGENI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

8. ASSESSMENT RATES

	Valuation at 30/06/2008	Valuation at 30/06/2007	Actual income 30/06/2008	Actual income 30/06/2007
Commercial	652 471 000	152 732 498	6 176 136	3 353 129
Residential	4 944 649 050	1 384 760 066	46 804 881	30 401 384
Education and State	276 628 000	91 536 800	2 618 495	2 009 623
Municipal	-	7 220 500	-	-
Agriculture	3 519 959 000	694 391 700	33 319 101	15 244 857
Private open space	2 253 000	-	21 326	-
State	847 123 003	226 682 279	8 018 666	4 976 642
	10 243 083 053	2 557 323 843	96 958 605	55 985 635
Less: Income Foregone - rebates			41 133 410	12 706 776
Net Income			55 825 195	43 278 859
Non rateable	58 747 000	106 119 300		
			2008	2007
			R	R
The last general valuation came into effect on:			2006/07/01	2006/07/01
The basic rate of cents in the Rand is			1.00	2.37
Rebates:				
Agriculture - additional			50.00%	50.00%
Residential (The first R 50000 is exempt in terms of the Rates Policy)			30.00%	30.00%
Pensioners (Qualifying on with income up to R6000 on a sliding scale)			30.00%	30.00%
State			20.00%	20.00%

9. COUNCILLORS' REMUNERATION

Mayor's allowance	481 696	448 097
Deputy Mayor's allowance	214 597	199 628
Speaker's allowance	214 597	199 628
Executive committee allowances	201 747	203 314
Councillors' allowances	2 535 992	2 312 564
Councillors' pension and medical aid contributions		
	3 648 629	3 363 231

10. AUDITORS' REMUNERATION

Audit fees	563 079	531 881
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11. INTEREST PAID

Long term liabilities	5 312 638	1 937 674
Bank overdrafts	271 783	-
Total interest on external borrowings	5 584 421	1 937 674

12. PROPERTY, PLANT AND EQUIPMENT

Land and buildings have been revalued to fair value during the year ended 30 June 2005 using values determined by the Council's independent valuator on the depreciated replacement value basis.

The revaluation surplus is reconciled as follows:

Balance at beginning of year	11 036 750	11 775 583
Surplus realised	-	-738 833
Balance at end of year	11 036 750	11 036 750

Refer to Appendix B for more detail on property, plant and equipment

The municipality has taken advantage of the transitional arrangements set out in Gamap statement No. 17. The municipality is in the process of fine-tuning the asset register records that have been painstakingly compiled. A formal physical verification will be carried out in 2008/09 and amendments made where applicable. At present, depreciation on infrastructure and community assets is based on an average useful life using some historical costs recorded in somewhat out of date records. In addition, no assessment has been carried out to determine whether or not there are any impairments of values but it is expected to be completed by 30 June 2009.

See also Note 35

uMNGENI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

13. BANK, CASH AND OVERDRAFT BALANCES

The Municipality has the following bank accounts:

Current account (Primary Bank Account)

ABSA Bank Limited, Public Sector, Pietermaritzburg - Account No. 40-6379-6636

Cash book balance (overdraft) at beginning of year	-6 142 832	-2 971 023
Cash book balance (overdraft) at end of year	-4 894 532	-6 142 832
Bank statement balance at beginning of year	7 014 383	5 135 902
Bank statement balance (overdraft) at end of year	-5 016 505	7 014 383

Current account

First National Bank Limited - Account No. 52530028614

Cash book balance at beginning of year	446 351	232 493
Cash book balance at end of year	-270 309	446 351
Bank statement balance at beginning of year	446 351	232 493
Bank statement balance at end of year	-270 309	446 351

14. CONTRIBUTIONS TO SALGA

Opening balance	-	-
Council subscriptions due	246 639	136 096
Amount paid - current year	-246 639	-136 096

Owing at end of year	-	-
----------------------	---	---

15. REGIONAL SERVICES COUNCIL LEVIES

Opening balance	-	-
Current year levies	-	-
Amount paid - current year	-	-

Owing at end of year	-	-
----------------------	---	---

16. PAYE and U I F

Opening balance	-	-
Current year deductions from payroll	7 491 376	4 625 723
Amount paid - current year	-7 491 376	-4 625 723

Owing at end of year	-	-
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17. PENSION AND MEDICAL AID DEDUCTIONS

Opening balance	-	-
Current year deductions from payroll	2 191 457	3 987 992
Amount paid - current year	-2 191 457	-3 987 992

Owing at end of year	-	-
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18. SERVICE CHARGES

Sale of electricity	19 432 695	27 443 970
Refuse removal	5 155 492	5 021 945

24 588 187	32 465 915
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uMNGENI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

19 APPROPRIATIONS

Appropriation account

Accumulated surplus (deficit) at the beginning of the year	36 736 384	52 203 543
Operating (deficit) surplus for the year	5 225 420	-15 150 436
Appropriations for the year :		
Prior year adjustments	-14 691 843	7 650 828
Transfer to District Municipality	-25 342 513	-
Transfer to Capital Replacement Reserve	-	-7 000 000
Financing of acquisitions ex reserves	-	14 801 329
Transfer to provision for Retirement Medical benefits and long service awards	-	-9 531 575
Transfer to reserves to meet future depreciation	-	-8 304 709
Offsetting of depreciation ex reserves	5 935 856	2 067 404

Accumulated Surplus at end of Year

7 863 304	36 736 384
------------------	-------------------

20. CASH GENERATED BY OPERATIONS

(Deficit) surplus for the year (per note 19)	5 225 420	-15 150 436
Adjustments for		
Previous year's operating transactions	-14 691 843	7 650 828
Transfer to District Municipality	-25 342 513	-
Depreciation	5 066 951	6 510 579
Appropriations charged against income :	4 165 355	9 085 636

Fixed assets	-	-876 937
Recovery of Water Bad debt provision - District Municipality	2 489 571	-
Staff leave	963 076	-
Refuse site rehabilitation	-	2 000 000
Provisions and reserves	712 708	7 962 573

Capital charges :

Interest paid :		
- on external funds	5 584 421	1 937 674

Investment income (operating account)

-549 617	-541 843
----------	----------

Non-operating income:

Assets appreciated	-	-
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Non-operating expenditure:

Expenditure charged against Housing Operating Account	-1 166 820	-549 786
Expenditure charged against provision for leave	-504 781	-2 944 868
Expenditure charged against provision for doubtful debts	-12 000 000	-9 748 339

-34 213 426	-3 750 555
--------------------	-------------------

21. (INCREASE) / DECREASE IN WORKING CAPITAL

(Increase) / decrease in debtors	36 667 914	18 573 770
(Increase) / decrease in short term investments	19 408 626	-19 799 874
Increase / (decrease) in creditors	1 020 654	-5 229 779
Increase / (decrease) in deposits	-1 917 671	202 267
Increase / (decrease) in unspent grants	1 439 077	5 653 220

56 618 600	-600 396
-------------------	-----------------

22 405 174	-4 350 951
------------	------------

22. INCREASE / (DECREASE) IN LONG TERM LOANS (EXTERNAL)

Loans raised	430 616	40 155 000
Loans (repaid)	-2 420 808	-1 306 065

-1 990 192	38 848 935
-------------------	-------------------

23. (INCREASE) / DECREASE IN CASH ON HAND

Cash balance at the beginning of the year	-5 688 620	-2 731 669
LESS : Cash balance at the end of the year	-5 160 082	-5 688 620

-528 538	2 956 951
-----------------	------------------

24. RETIREMENT BENEFITS

The Municipality's personnel are members of one of the three Natal Joint Municipal Pension Funds i.e. (Superannuation, Provident and Retirement). The valuator carries out a statutory valuation on a triennial basis and an interim valuation on an annual basis (the 2006 interim has been completed).

Superannuation

An interim actuarial valuation of the Fund was carried out for the period ending 31 March 2007. The actuarial value of total assets was more (less) than the actuarial value of liabilities for the service of members to that date and for pensioners by: made up as follows:

20 900 000	-219 500 000
------------	--------------

For service to 31 March 2007

for pensioners - surplus funding level 140.4% (2005: surplus funding level 100.5%)	499 500 000	5 200 000
for members - surplus funding level 103.2% (2005 : deficit funding level 85.8%)	20 900 000	-224 700 000

The fund did not hold an Investment Reserve at 31 March 20067

For service after 31 March 2007

The total contribution rate payable (excluding the surcharge) did not exceed that required for future service by 0.96% (2005 :exceeded by 1.0%) of pensionable emoluments, or per year

uMNGENI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2007 R
Conclusion		
The funding level of the Fund improved from 91.4% to 100.5% (improved from 85.8% to 95.0%) over the valuation period. The actuary is satisfied that the self-reinsurance arrangement is appropriate for the Fund; the asset composition of the Fund is appropriate to the nature of the liabilities; the contribution deficit of 0.96% will be addressed at the next statutory actuarial valuation, ie 31 March 2008.		
his recommendation is that the additional surcharge being paid by employers of can therefore be stopped	3%	3%
A recent study undertaken of the expected impact that A I D S will have on the Fund shows that although the Fund is fairly well protected in relation to other funds, A I D S is likely to result in an increase in the required rate of contribution of members' pensionable emoluments by 2010 of some	4%	4%
However, the fund has since become closed to new members which is likely to reduce the future impact on the Fund		
Provident Fund		
The salient features of the Statutory (Interim) Valuation Report on the fund as at 31 March 2007 were that the market value of the Fund's assets were sufficient to fully cover the members' share account and to provide total reserves which amounted to	556 571 000	420 254 000
an amount is estimated to be due to exited members for the final bonus as at 31 March 2006 of a further bonus to all members was approved and granted in April 2007 by the Committee of Management of	1 767 000	1 767 000
As at the year end, a supplementary bonus to all members at 31 March 2006 was approved by the Committee of Management of	3.0%	2.9%
The Actuary recommends a further bonus be declared on the members' full benefits of	6.0%	5.0%
	5.1%	
The contribution rate allocated towards risk benefits and expenses in the year following the valuation daries sufficient to cover the cost of these benefits and expenses. The Actuary is satisfied that the asset composition of the Fund is appropriate to the nature of the liabilities and the Fund was in a sound financial condition at 31 March 2007.		
Retirement Fund		
The salient features of the Statutory (Interim) valuation of the fund at 31 March 2007 are:		
The actuarial value of total assets of the fund was less than the actuarial value of the liabilities for the service of members to that date and for pensioners by made up as follows:	-229 800 000	-204 800 000
For service to 31 March 2007		
for pensioners - funding level 129.2% (2006 : funding level 116.2%) - surplus	144 200 000	63 400 000
for members - funding level 76.3% (2006 : funding level 73.0%)	-229 800 000	-204 800 000
The fund was thus funded	85.70%	83.10%
The fund did not hold an Investment Reserve.		
For service after 31 March 2007		
The employers no longer permit members to join the Fund, so that it has effectively become a closed fund. The attained Age method of determining the rate of contribution was used and takes into account the closed nature of the fund and the remaining service lifetime of the fund		
Conclusion		
The funding level is	85.70%	83.10%
The actuary is satisfied that the self-insurance arrangement is appropriate for the Fund, the asset composition of the Fund is appropriate to the nature of the liabilities, the contributions being paid to the Fund are sufficient to meet the expected cost of future benefits		
A study undertaken in 2002 of the expected impact that A I D S will have on the Fund shows that although the Fund is fairly well protected in relation to other funds, A I D S is likely to result in an increase in the required rate of contribution of members' pensionable emoluments by 2010 of some	4%	4%
However, the fund has since become closed to new members which is likely to reduce the future impact on the Fund		
25. GOVERNMENT GRANTS AND SUBSIDIES		
Equitable share	13 645 991	12 061 343
M S I G	1 000 000	4 000 000
F M G	500 000	500 000
M I G grants	4 230 065	2 794 272
D M E grants	4 957 110	6 106 446
Provincial health subsidies	1 180 373	1 206 155
Provincial - other	4 007 124	631 257
Provincial - Museum	72 000	72 325
Provincial - Library extensions	256 594	699 989
Khazimula Childrens Shelter	-	46 538
Roads access Currys Post landfill D/C	-	1 000 000
Provincial - Furniture Donated to Mpophomeni Library	113 209	-
DBSA Asset register	238 605	-
Total Government Grant and Subsidies	30 201 071	29 118 325

uMNGENI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

Equitable share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

M S I G

Valuation roll
Current year receipts
Conditions met - transferred to revenue

2008	2007
R	R
1 000 000	4 000 000
-1 000 000	-4 000 000
-	-

Finance Management Grant

Financial management, capacity building and
Current year receipts
Conditions met - transferred to revenue

500 000	500 000
-500 000	-500 000
-	-

M I G Grant

Roads and stormwater infrastructure as part of the upgrade of the informal settlement
Current year receipts
Conditions met - transferred to revenue

4 230 065	2 794 272
-4 230 065	-2 794 272
-	-

No funds have been withheld

D M E Grant

Electrification and new connections
Current year receipts
Conditions met - transferred to revenue

4 957 110	6 106 446
-4 957 110	-6 106 446
-	-

No funds have been withheld

Provincial health subsidies

Current year receipts - included in public health vote
Conditions met - transferred to revenue

1 180 373	1 206 155
-1 180 373	-1 206 155
-	-

Conditions still to be met - transferred to liabilities

The Municipality renders health services on behalf of the Provincial Government and is refunded as follows:

Surgical sundries	100%
Stores	100%
Equipment	100%
Subsistence and travel, transport and travelling	100%
Miscellaneous	100%
Personnel	Based on sliding scale

The grant has been used exclusively to fund clinic services. The conditions of the grant have not been met. There are no delays or withholding of the subsidy.

Provincial - Other

Current year receipts
Conditions met - transferred to revenue

4 007 124	631 257
-4 007 124	-631 257
-	-

No funds have been withheld

Provincial - Museum

Current year receipts
Conditions met - transferred to revenue

72 000	72 325
-72 000	-72 325
-	-

No funds have been withheld

Provincial - Library extensions

Current year receipts
Conditions met - transferred to revenue

256 594	699 989
-256 594	-699 989
-	-

No funds have been withheld

uMungungdlovu District Council

Khazimula Childrens Shelter
Roads access Currys Post landfill D/C
Current year receipts
Conditions met - transferred to revenue

-	1 046 538
-	-1 046 538
-	-

No funds have been withheld

uMNGENI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

FOR THE YEAR ENDED 30 JUNE 2008								2008 R	2007 R
26. BULK PURCHASES									
Electricity								16 169 102	15 214 029
27. CASH									
Petty Cash								3 000	1 500
Floats/cash on hand								1 760	6 361
								4 760	7 861
28. CAPITAL COMMITMENTS									
Commitments for capital expenditure									
Approved and contracted for								8 700 000	-
Approved but not yet contracted for								65 979 000	115 731 000
								74 679 000	115 731 000
This expenditure will be financed from:									
Internal sources								13 030 000	17 240 000
External sources									
National and Provincial government and District Municipality								52 949 000	78 491 000
Development Bank of SA								8 700 000	20 000 000
								74 679 000	115 731 000
29. EMPLOYEE RELATED COSTS									
Remuneration of the Municipal manager									
Annual remuneration								884 988	827 952
Performance bonus								118 430	110 369
								1 003 418	938 321
Remuneration of the Chief financial officer									
Annual remuneration								681 493	635 953
Performance bonus								90 770	84 320
								772 263	720 273
Remuneration of the Executive Directors									
	Internal audit	Operations	Economic development	Technical services	Corporate services	Community services	Planning & development		
2008									
Annual remuneration	653 618	642 489	657 818	691 813	681 493	691 814	681 493		
Performance bonus				92 318	90 770	92 318	90 770		
	653 618	642 489	657 818	784 131	772 263	784 132	772 263		
2007									
Annual remuneration	332 096	326 796	333 896	647 002	635 953	647 002	647 002		
Performance bonus				85 868	42 160	85 868	84 320		
	332 096	326 796	333 896	732 870	678 113	732 870	731 322		

uMNGENI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

EMPLOYEE RELATED COSTS

	2008 R	2007 R
Salaries and allowances	36 216 463	34 108 628
Contributions to UIF, pensions and medical aids	7 208 841	6 713 695
Travel, motor car, accommodation, subsistence and other allowances	3 726 515	3 327 571
Housing benefits and allowances	315 733	277 739
MOH allowance	13 720	16 464
Overtime payments	3 553 404	2 683 233
Annual bonus	2 272 283	2 489 160
Performance bonus		575 374
Standby	35 401	116 108
Cellular phone	108 000	93 000
Library student fees	3 890	3 120
Fees paid to labour brokers	157 239	121 646
Pension refund	-	7 779
Recovered from grants	-	-222 756
Recovered from District Municipality	-1 544 161	-4 131 899
	52 067 328	46 178 862

There were no advances to employees

30. OPERATING LEASE PAYMENTS

Council has concluded operating lease agreements with its suppliers which are required to be paid in instalments as follows:

In the year ending 30 June 2008	-	392 532
In the year ending 30 June 2009	392 532	392 532
In the year ending 30 June 2010	392 532	392 532
In the year ending 30 June 2011	392 532	392 532
	1 177 596	1 570 128

31. POST RETIREMENT MEDICAL BENEFITS

The Council operates a defined medical aid benefit scheme for the benefit of its permanent employees. Post-retirement medical aid benefits are offered to all employees by subsidising a portion of the medical aid contribution after retirement.

An actuarial valuation was carried out at 30 June 2008 and the full liability has been raised which relates to retired employees and existing employees. The main assumptions used by the actuary are:

Discount rate per annum	8.00%	8.00%
Health care cost inflation rate	6.50%	6.50%
Net effective discount rate	1.41%	1.41%
Benchmark inflation (equal to salary inflation)	6.00%	6.00%

Accrued liability at 30 June 2008

	10 872 000	8 838 953
Future - service cost	567 000	406 253
Interest cost	1 162 000	707 116
Expected benefits payments	-329 000	-300 144
Actuarial loss/(gain)	-	1 220 000
Total annual expense	1 400 000	2 033 225

Projected accrued liability at 30 June 2009

	12 272 000	10 872 178
Accrued liability at 30 June 2008	10 872 000	8 838 953
Short term portion of accrued liability	-329 000	-300 144
Long term portion of accrued liability	10 543 000	8 538 809

uMNGENI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2007 R
32. LONG SERVICE AWARDS AND RETIREMENT GIFTS		
The Council offers employees leave awards that may be exchanged for cash on certain anniversaries of commencing service and a retirement gift determined by reference to length of service.		
An actuarial valuation was carried out at 30 June 2007 and the full liability has been raised. The main assumptions used by the actuary are:		
Discount rate per annum	8.00%	8.00%
General salary inflation rate (long term)	6.00%	6.00%
Net effective discount rate	1.89%	1.89%
Retirement gift inflation (long term) CPI increases	5.00%	5.00%
Accrued liability at 30 June 2008	2 263 773	1 614 533
Future - service cost	229 549	168 099
Interest cost	224 099	129 163
Expected benefits payments	-263 063	-140 121
Actuarial loss/(gain)		492 099
Total annual expense	190 585	649 240
Projected accrued liability at 30 June 2009	2 454 358	2 263 773
Accrued liability at 30 June 2008	2 263 773	1 614 533
Short term portion of accrued liability	-263 063	-140 121
Long term portion of accrued liability	2 000 710	1 474 412
33. REFUSE SITES REHABILITATION		
Long term portion	3 000 000	2 500 000
Short term portion	2 500 000	2 000 000
	5 500 000	4 500 000

Provision has been made for the estimated costs of rehabilitating the council's refuse sites. The estimated costs have been determined by the Council's consulting engineers.

34 OWING BY COUNCILLORS

		Current - 60 Days	Over 90 Days	Total outstanding
R J Glaister	Rates	1 060.50		1 060.50
AD Mbense	Rates		2 562.80	2 562.80
AD Mbense	Services	105.83	10 908.65	11 014.48
TP Mchunu	Rates	46.50	166.29	212.79
TP Mchunu	Services	1 480.44	7 473.43	8 953.87
HP Ndela	Rates		863.03	863.03
HP Ndela	Services	796.87	1 773.96	2 570.83
SM Ndlovu	Services	225.16	4 730.90	4 956.06
ME Dladla	Services	787.03	263.37	1 050.40

35 CONTINGENT LIABILITY

On 18 October 2007 the South African Revenue Services (SARS) notified the Council that arising out of amended value added taxation returns which had been lodged, there was interest and penalties of R1 289 288 payable. An objection has been lodged against the assessment of penalties and interest on the grounds that the errors were found and notified to SARS by the Council. Accordingly, there was no attempt to avoid the payment of its statutory obligations. On 18 January 2008 SARS waived penalty of R 553 554 leaving interest of R 735 735 which was settled.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

PROPERTY, PLANT AND EQUIPMENT

	Properties	Infrastructure other	Vehicles	Roads/ Stormwater	Investment Properties	Electrical	Sewer	Water	Toolbox	Total
Reconciliation of carrying value										
Carrying values at 01 July 2007	38 497 564	26 324 903	3 811 778	63 155 797	-	26 234 703	-	-	2 650 669	160 675 414
Cost restated	39 503 441	27 802 229	8 570 962	70 108 672	-	29 707 697	-	-	7 787 829	183 480 830
Cost	37 403 441	32 760 875	8 593 362	70 426 371	-	26 531 352	-	-	7 765 429	183 480 830
Revaluation										-
Restatement of 2006/2007 additions	2 100 000	-4 958 646	-22 400	-317 699		3 176 345			22 400	-
Accumulated depreciation	-1 005 877	-1 477 326	-4 759 184	-6 952 875	-	-3 472 994	-	-	-5 137 160	-22 805 416
Cost	-972 821	-2 077 339	-4 774 684	-7 646 463		-3 584 868			-5 173 344	-24 229 519
Revaluation										-
Restatement of 2006/2007 charges	-33 056	600 013	15 500	693 588		111 874			36 184	1 424 103
Acquisitions	57 279	361 704	430 616			2 082 847			1 003 225	3 935 671
Work in progress	324 803	182 549		8 269 812		5 821 092				14 598 256
Increases/ (decreases) in revaluation										-
Depreciation	-346 144	-930 178	-989 227	-2 336 956	-996 042	-	-	-	-892 507	-6 491 054
Based on cost	-346 144	-930 178	-989 227	-2 336 956	-996 042				-892 507	-6 491 054
Based on revaluation										-
Carrying value of disposals	-	-	-	-	-	-	-	-	-	-
Cost										-
Revaluation										-
Accumulated depreciation										-
Impairment losses										-
Carrying values at 30 June 2007	38 533 502	25 938 978	3 253 167	69 088 653	-996 042	34 138 642	-	-	2 761 387	172 718 287
Cost	39 885 523	28 346 482	9 001 578	78 378 484	-	37 611 636	-	-	8 791 054	202 014 757
Cost	39 885 523	28 346 482	9 001 578	78 378 484	-	37 611 636	-	-	8 791 054	202 014 757
Revaluation	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-1 352 021	-2 407 504	-5 748 411	-9 289 831	-996 042	-3 472 994	-	-	-6 029 667	-29 296 470
Cost	-1 352 021	-2 407 504	-5 748 411	-9 289 831	-996 042	-3 472 994	-	-	-6 029 667	-29 296 470
Revaluation	-	-	-	-	-	-	-	-	-	-
Carrying values at 30 July 2007	38 533 502	25 938 978	3 253 167	69 088 653	-996 042	34 138 642	-	-	2 761 387	172 718 287

APPENDIX A

uMNGENI MUNICIPALITY

EXTERNAL LOANS FOR THE YEAR ENDED 30 JUNE 2008

EXTERNAL LOANS	Loan Number	Interest rate	Redeemable	Balance at 2007/06/30	Received during the Period	Redeemed written off during the period	Balance 2008/06/30	Carrying Value of Property Plant & Equipment	Other Costs in Accordance with the MFMA
Annuity Loans									
Development Bank of SA Ltd	KN13855	12.620%	31/03/2024	9 656 082		-183 680	9 472 402		
Development Bank of SA Ltd	102419	10.095%	31/03/2027	16 500 000		-74 470	16 425 530		
Development Bank of SA Ltd	102466	5.00%	31/03/2022	3 500 000		-43 566	3 456 434		
ABSA Bank Ltd	3022002978	9.20%	30/06/2022	20 000 000		-1 333 333	18 666 667		
							-		
Total Annuity Loans				49 656 082	-	-1 635 049	48 021 033		
Finance Management Agreements									
ABSA Bank Ltd				2 904 466	430 616	-785 759	2 549 323		
							-		
							-		
							-		
							-		
Total				2 904 466	430 616	-785 759	2 549 323		
TOTAL EXTERNAL LOANS				52 560 548	430 616	-2 420 808	50 570 356		

APPENDIX B
JHNGENI MUNICIPALITY
T AND EQUIPMENT FOR THE YEAR ENDED 30 JUNE 2008

Cost / Revaluation								Accumulated Depreciation							Carrying Value 2008/06/30	Carrying Value 2007/06/30
	Balance 30/06/2007	Adjustments	Restated 30/06/2007	Additions	Work in progress	Disposals	Closing Balance	Balance 30/06/2007	Adjustments	Restated 30/06/2007	Additions	Disposals	Closing Balance			
Properties	37 403 441	2 100 000	39 503 441	57 279	324 803		39 885 523	972 821	33 056	1 005 877	346 144		1 352 021	38 533 502	36 430 620	
Infrastructure	32 760 875	-4 958 646	27 802 229	731 508	182 549		28 716 286	2 077 339	-600 013	1 477 326	930 178		2 407 504	26 308 782	30 683 536	
Vehicles	8 593 362	-22 400	8 570 962	430 616			9 001 578	4 774 684	-15 500	4 759 184	989 227		5 748 411	3 253 167	3 818 678	
Roads/stormwater	70 426 371	-317 699	70 108 672		8 269 812		78 378 484	7 646 463	-693 588	6 952 875	2 336 956		9 289 831	69 088 653	62 779 908	
Electrical	26 531 352	3 176 345	29 707 697	2 082 847	5 821 092		37 611 636	3 584 868	-111 874	3 472 994	996 042		4 469 036	33 142 600	22 946 484	
Sewer	-	-	-				-	-	-	-			-	-	-	
Water	-	-	-				-	-	-	-			-	-	-	
Toolbox	7 765 429	22 400	7 787 829	633 421			8 421 250	5 173 344	-36 184	5 137 160	892 507		6 029 667	2 391 583	2 592 085	
	-		-				-	-		-			-	-	-	
	183 480 830	-	183 480 830	3 935 671	14 598 256	-	202 014 757	24 229 519	-1 424 103	22 805 416	6 491 054	-	29 296 470	172 718 287	159 251 311	

APPENDIX C

uMNGENI MUNICIPALITY

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

THE YEAR ENDED 30 JUNE 2008

Cost / Revaluation							Accumulated Depreciation											
	Balance 30/06/2007	Adjustments	Restated 30/06/2007	Additions	Work in progress	Disposals	Balance 30/06/2008	Balance 30/06/2007	Adjustments	Restated 30/06/2007	Additions	Disposals	Balance 30/06/2008	Carrying Value 30/06/2008	Carrying Value 30/06/2007			
Council General	22 778 760	-279 237	22 499 523	265 822			22 765 345	1 078 699	-15 592	1 063 107	310 811		1 373 918	21 391 427	21 700 061			
Municipal Manager	7 175 177	-	7 175 177	430 616			7 605 793	766 454		766 454	238 990		1 005 444	6 600 349	6 408 723			
Town Planning	397 461	-22 881	374 580	18 055			392 635	347 110	-2 797	344 313	66 495		410 808	-18 173	50 351			
Housing Administration	52 558	211 044	263 602	184 527			448 129	36 771	-711	36 060	6 503		42 563	405 566	15 787			
Museum	559 105	-	559 105				559 105	42 107	-3	42 104	7 469		49 573	509 532	516 998			
Libraries	4 189 094	179 646	4 368 740	377 460			4 746 200	795 129	-26 386	768 743	174 605		943 348	3 802 852	3 393 965			
Town Hall	5 398 898	470 611	5 869 509				5 869 509	195 194	-40 208	154 986	91 661		246 647	5 622 862	5 203 704			
Man Serv & Training	494 000	-	494 000				494 000	32 934	-	32 934			32 934	461 066	461 066			
Refuse Removal / Health	6 494 201	-999 999	5 494 202				5 494 202	1 389 278	-33 333	1 355 945	182 202		1 538 147	3 956 055	5 104 923			
Swimming Pool	585 676	-	585 676				585 676	36 991	-	36 991	13 791		50 782	534 894	548 685			
Clinic	905 435	22 881	928 316		29 497		957 813	164 278	576	164 854	26 090		190 944	766 869	741 157			
Parks & Gardens	10 682 470	5 073 069	15 755 539	157 042	182 549		16 095 130	1 695 067	-38 752	1 656 315	650 939		2 307 254	13 787 876	8 987 403			
Protection Services/Fire	2 455 444	4 740	2 460 184	105 283			2 565 467	1 224 513	-21 278	1 203 235	259 628		1 462 863	1 102 604	1 230 931			
Cemeteries	435 057	-	435 057				435 057	22 706	-	22 706	3 785		26 491	408 566	412 351			
Public Works	86 137 582	-12 046 476	74 091 106		8 594 615		82 685 721	9 584 842	-1 086 164	8 498 678	2 733 788		11 232 466	71 453 255	76 552 740			
Town Treasurer	1 928 334	-	1 928 334	112 450			2 040 784	1 563 506	-10 868	1 552 638	157 399		1 710 037	330 747	364 828			
Stores	216 945	-	216 945				216 945	117 403	-	117 403	20 264		137 667	79 278	99 542			
Electricity	26 722 847	3 176 345	29 899 192	2 082 847	5 821 092		37 803 131	3 702 421	-111 874	3 590 547	1 011 934		4 602 481	33 200 650	23 020 426			
Corporate Services	2 413 733	3 440 601	5 854 334	109 205			5 963 539	315 630	-32 742	282 888	226 683		509 571	5 453 968	2 098 103			
Technical Services	1 427 590	720 098	2 147 688	36 142			2 183 830	398 383	-3 314	395 069	125 116		520 185	1 663 645	1 029 207			
Community Services	132 450	13 320	145 770	25 667			171 437	57 650	-657	56 993	15 571		72 564	98 873	74 800			
Water	-	-	-				-	-	-	-	-		-	-	-			
Sewer	-	-	-				-	-	-	-	-		-	-	-			
Workshops	1 898 013	36 238	1 934 251	1 058			1 935 309	662 453	-	662 453	167 330		829 783	1 105 526	1 235 560			
	183 480 830	-	183 480 830	3 935 671	14 598 256	-	202 014 757	24 229 519	-1 424 103	22 805 416	6 491 054	-	29 296 470	172 718 287	159 251 311			

APPENDIX D

uMNGENI MUNICIPALITY

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2008

	2008	2008	2008	2007	2007	2007
	Income	Actual	Surplus/	Actual	Actual	Surplus/
	R	Expenditure	(Deficit)	Income	Expenditure	(Deficit)
	R	R	R	R	R	R
Executive and Council	-73 182 883	17 751 539	55 431 344	-62 146 688	9 323 540	52 823 148
Finance and Administration	-17 573 324	17 456 074	117 249	-10 288 099	16 783 532	-6 495 433
Planning and Development	-1 150 000	4 641 498	-3 491 498	-537 500	2 731 092	-2 193 592
Health	-1 180 751	2 130 978	-950 227	-1 206 155	2 277 240	-1 071 085
Community and Social Services	-264 696	3 582 734	-3 318 038	-1 749 110	4 091 456	-2 342 346
Housing	-1 136 994	1 136 994	-	-915 003	915 003	-
Public Safety	-1 960 606	5 354 221	-3 393 615	-1 572 507	3 792 256	-2 219 749
Sports and Recreation	-5 960	9 770 217	-9 764 257	-7 485	8 566 501	-8 559 016
Waste Management	-10 368 708	11 386 859	-1 018 150	-9 846 483	10 027 930	-181 447
Road Transport	-	-	-	-	-	-
Electricity	-26 823 467	26 823 467	-	-31 013 272	31 013 272	-
Other	-5 230 246	33 617 634	-28 387 388	120 699	44 790 217	-44 910 916
Sub Total	-138 877 635	133 652 215	5 225 420	-119 161 603	134 312 039	-15 150 436
Less: Inter-Departmental Charges	-11 270 358	11 270 358	-	-10 632 416	10 632 416	-
Total	-150 147 993	144 922 573	5 225 420	-129 794 019	144 944 455	-15 150 436

APPENDIX E (1)

uMNGENI MUNICIPALITY

ACTUAL COMPARED WITH BUDGETED REVENUE AND EXPENDITURE

FOR THE YEAR ENDED 30 JUNE 2008

	Actual 2008	Budget 2008	Variance 2008	Variance 2008	Explanation of significant Variance greater than 10% versus Budget
	R	R	R	%	
REVENUE					
Property rates	-55 825 195	-61 911 189	6 085 994		-9.83% Implementation of Property Rates Act in 2007/
Property rates- penalties imposed and collection charges	-3 687 544	-11 500 000	7 812 456		-67.93% Reversal of penalties due to agricultural rebate
Service charges	-24 588 188	-31 831 851	7 243 663		-22.76% Due to budget based on prior year adjustment
Rental of facilities and equipment	-407 219	-77 300	-329 919		426.80% Increase in hall bookings
Interest earned- external investments	-549 617	-1 000 000	450 383		-45.04% Investments insufficient
interest earned- outstanding debtors	-3 827 397	-6 000 000	2 172 603		-36.21% Consumers paid up strict credit control
Fines	-150 040	-1 000 000	849 960		-85.00% Camera fines in dispute
Licences and permits	-1 741 135	-1 155 000	-586 135		50.75% Increase in learners license applications
Government grants and subsidies	-30 201 071	-16 338 000	-13 863 071		84.85% Due to capital income credited to Income State
Other income	-17 900 230	-6 694 229	-11 206 001		167.40% Income from recharges from District
Inter- departmental charges	-11 270 358	-11 270 358	-		
Public contributions, donated/contributed PPE		-	-		
Gains on disposal of property, plant and equipment		-	-		
Total Revenue	-150 147 993	-148 777 927	-1 370 066	0.92%	
EXPENDITURE					
Executive & Council	17 751 538	16 565 581	1 185 957	7.16%	
Finance & Admin	17 456 074	17 380 079	75 995	0.44%	
Planning & Development	4 641 498	3 745 631	895 867	23.92%	
Health	2 130 978	1 932 386	198 592	10.28%	
Community & Social Services	3 582 734	4 092 480	-509 746	-12.46%	
Housing	1 136 994	1 065 345	71 649	6.73%	
Public Safety	5 354 221	6 024 446	-670 225	-11.13%	
Sport & Recreation	9 770 217	14 310 121	-4 539 904	-31.73%	
Waste Management	11 386 859	11 443 570	-56 711	-0.50%	
Road Transport	-	-	-		
Electricity	26 823 467	25 724 253	1 099 214	4.27%	
Other	33 617 635	33 134 230	483 405	1.46%	
Inter- departmental charges	11 270 358	11 270 358	-	0.00%	
Total Expenditure	144 922 573	146 688 480	-1 765 907	-1.20%	
NET (SURPLUS)/ DEFICIT FOR THE YEAR	-5 225 420	-2 089 447	-3 135 973	150.09%	

APPENDIX E (2)

uMNGENI MUNICIPALITY

IT - ACQUISITION OF PROPERTY PLANT AND EQUIPMENT

FOR THE YEAR ENDED 30 JUNE 2008

	2008 Actual	2008 Under Construction	2008 Total Additions	2008 Budget	2008 Variance	2008 Variance %	Explanation of Significant Variances Greater than 5% versus Budget
Council General	265 822	-	265 822	434 500	168 678	38.82%	Full expenditure not incurred
Municipal Manager	430 616	-	430 616	81 000	-349 616	-431.62%	Vehicles were added when balancing back to Absa records
Town Planning	18 055	-	18 055	36 000	17 945	49.85%	Full expenditure not incurred
Housing Administration	184 527	-	184 527	226 700	42 173	18.60%	The cost of work was achieved lower than budget
Museum		-	-	26 700	26 700	100.00%	No expenditure was incurred
Libraries	377 460	-	377 460	189 105	-188 355	-99.60%	Additional grants were received from Library Services
Town Hall		-	-	75 000	75 000	100.00%	No expenditure was incurred
Refuse Removal/Landfill Site		-	-	500 000	500 000	100.00%	No expenditure. Provision made for future expansion
Swimming Pool		-	-	400 000	400 000	100.00%	No expenditure was incurred
Clinic	25 295	-	25 295	57 100	31 805	55.70%	Full expenditure not incurred
Parks & Gardens	157 042	182 549	339 591	4 634 000	4 294 409	92.67%	Full expenditure not incurred
Protection Services/Fire	105 283	-	105 283	285 000	179 717	63.06%	Full expenditure not incurred
Cemeteries		-	-		-	0.00%	
Public Works	-	8 594 615	8 594 615	18 321 000	9 726 385	53.09%	Full expenditure not incurred
Town Treasurer	112 450	-	112 450	118 000	5 550	4.70%	
Electricity	2 082 847	5 821 092	7 903 939	10 258 000	2 354 061	22.95%	Full expenditure not incurred
Corporate Services	109 205	-	109 205	7 206 500	7 097 295	98.48%	Full expenditure not incurred
Technical Services	36 142	-	36 142	89 000	52 858	59.39%	Full expenditure not incurred
Community Services	25 667	-	25 667	48 500	22 833	47.08%	Full expenditure not incurred
Water		-	-	2 950 000	2 950 000	100.00%	No funds were received from District to embark on projects
Sewerage		-	-	5 100 000	5 100 000	100.00%	No funds were received from District to embark on projects
Workshops	1 058	-	1 058		-1 058	0.00%	Assets were acquired by moving funds within the function
Health	4 202	-	4 202	23 000	18 798	81.73%	Full expenditure not incurred
	3 935 671	14 598 256	18 533 927	51 059 105	32 525 178	63.70%	

UMNGENI MUNICIPALITY

DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003
FOR THE YEAR ENDED 30 JUNE 2008
Grants and Subsidies Received

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies delayed/withheld	Reason for delay withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework Revenue Act	reason for non-compliance
		April to June 2007	July to Sept 2007	Oct to Dec 2007	Jan to Mar 2008	April to June 2008	April to June 2007	July to Sept 2007	Oct to Dec 2007	Jan to Mar 2008	April to June 2008				
CAPITAL															
MIG	Department Local Government & Traditional Affairs	509320	1 825 000	1 158 272	450 000	-	512 221	2 309 526	1 920 539	-	-	NO	N/A	YES	N/A
DME	Department of Mineral & Energy Affairs	5549780	2 000 000	-	2 344 000	-	2 766 446	1 654 357	2 603 406	42 205	657 142	NO	N/A	YES	N/A
Arts & Culture KZNPA	Department of Arts & Culture	671064	-	-	-	-	674 617	-	-	-	-	NO	N/A	YES	N/A
Roads Access Currys Post Landfill D/C	uMgungundlovu District Council	1000000	-	-	-	-	1 000 000	-	-	-	-	NO	N/A	YES	N/A
OPERATING - STATE															
Finance Management Grant	Department Local Government & Traditional Affairs	-	500 000	-	-	-	203 625	357 020	96 400	54 000	27 000	NO	N/A	YES	N/A
Municipal Systems Improvement	Department Local Government & Traditional Affairs	-	500 000	500 000	-	-	-	-	-	-	1 000 000	NO	N/A	YES	N/A
Councillors Allowances	Department Local Government & Traditional Affairs	-	-	-	-	-	-	-	-	-	-	NO	N/A	YES	N/A
Equitable Share State	Department Local Government & Traditional Affairs	-	4 548 664	3 411 498	5 685 829	-	-	-	-	-	-	NO	N/A	YES	N/A
CAPITAL PROVINCE															
Library Hilton Extensions	Department Arts Culture & Tourism	-	-	71 620	220 898	-	-	-	62 824	-	193 770	NO	N/A	YES	N/A
OPERATING - PROVINCE															
Anti Corruption 2006/7	Department Local Government & Traditional Affairs	-	-	-	-	-	31 951	97 283	-	-	-	NO	N/A	YES	N/A
Synergistic Partnership	Department Local Government & Traditional Affairs	-	-	-	500 000	-	-	-	-	-	17 188	NO	N/A	YES	N/A
Project Consolidate Revenue Enhancement	Department Local Government & Traditional Affairs	-	-	1 800 000	-	-	89 190	132 606	50 585	95 067	332 009	NO	N/A	YES	N/A
N3 Corridor Management Plan	Department Local Government & Traditional Affairs	-	1 000 000	-	-	-	-	127 746	42 515	238 962	-	NO	N/A	YES	N/A
Library Mphopheni Internet Access Pk	Department Arts, Culture & Tourism	-	-	-	89 900	-	-	-	-	-	14 983	NO	N/A	YES	N/A
MAP Spatial Develop Framework 2002/2	Department Local Government & Traditional Affairs	-	-	-	-	-	-	-	-	-	-	NO	N/A	YES	N/A
MAP Byelaws 2001/2	Department Local Government & Traditional Affairs	-	-	-	-	-	-	-	-	-	-	NO	N/A	YES	N/A
Capacity Development 2003/4	Department Local Government & Traditional Affairs	-	-	-	-	-	-	-	-	-	-	NO	N/A	YES	N/A
Planning Develop Admin Capacity Build	Department Local Government & Traditional Affairs	-	-	-	-	-	-	-	-	-	-	NO	N/A	YES	N/A
Technical Services GIS Capacity Build	Department Local Government & Traditional Affairs	-	-	-	-	-	142 017	-	12 950	2 261	8 960	NO	N/A	YES	N/A
Flanders Grant (Dept of Housing)	Flanders (Department of Housing)	-	-	-	-	-	-	3 880	-	14 928	-	NO	N/A	YES	N/A
E & C - Performance Manage System 2	Department Local Government & Traditional Affairs	-	-	-	-	-	-	-	45 595	-	-	NO	N/A	YES	N/A
Ex & Council - Inter Depart Monitoring 2	Department Local Government & Traditional Affairs	-	-	-	-	-	20 052	-	-	-	-	NO	N/A	YES	N/A
Finance - MFMA Grant Province 2005/6	Department Local Government & Traditional Affairs	-	-	-	-	-	-	-	-	-	-	NO	N/A	YES	N/A
Performance Manage System	Department Local Government & Traditional Affairs	-	-	-	-	-	12 478	-	-	-	-	-	-	-	-
Inter Departmental Monitoring	Department Local Government & Traditional Affairs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Planning & Develop - IDP Support 2006/7	Department Local Government & Traditional Affairs	-	-	150 000	-	-	-	-	10 628	26 062	-	NO	N/A	YES	N/A
Gijima - Local Business Support Centre	European Union local Business Development	-	-	-	-	-	20 200	-	-	-	-	-	-	-	-
Information Systems Support	Department Local Government & Traditional Affairs	-	-	-	-	-	16 982	-	-	-	-	-	-	-	-
Finance - MAP Grant Province	Department Local Government & Traditional Affairs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ex & Council - Mun Info Systems Supp	Department Local Government & Traditional Affairs	-	-	-	-	-	-	-	-	-	-	NO	N/A	YES	N/A
MAP Credit Control 2006/7	Department Local Government & Traditional Affairs	-	-	-	-	-	-	-	-	-	-	NO	N/A	YES	N/A
Good Govern Human Resources 2006/7	Department Local Government & Traditional Affairs	-	-	-	-	-	-	-	-	-	-	NO	N/A	YES	N/A
Public Participation 2006/7	Department Local Government & Traditional Affairs	-	-	-	-	-	-	19 450	3 100	1 500	17 650	NO	N/A	YES	N/A
Establish Internal Control Unit 2006/7	Department Local Government & Traditional Affairs	-	-	-	-	-	-	-	-	-	-	NO	N/A	YES	N/A
Municipal Infrastructure Invest Prog (MII)	Department Local Government & Traditional Affairs	-	-	-	-	-	-	-	-	-	-	NO	N/A	YES	N/A
Integration with REDS 2006/7	Department Local Government & Traditional Affairs	-	-	-	-	-	-	108 206	-	-	-	NO	N/A	YES	N/A
Finance Debt Management System 2006/7	Department Local Government & Traditional Affairs	-	-	-	-	-	-	-	-	-	-	NO	N/A	YES	N/A
Community Development Workers- Bal	Department Local Government & Traditional Affairs	-	-	36 000	-	-	-	-	31 765	-	4 235	NO	N/A	YES	N/A
MSIG Capacity Building 2003/4	Department Local Government & Traditional Affairs	-	-	-	-	-	-	-	-	-	-	NO	N/A	YES	N/A
Clinic Subsidy Prov	Department Local Government & Traditional Affairs	652295	265 912	242 143	-	672 318	-	-	-	-	-	YES	N/A	YES	N/A
Environmental Health	Department Local Government & Traditional Affairs	-	-	-	-	-	-	-	-	-	-	NO	N/A	YES	N/A
Museums Subsidy Prov - PREMIERS O	Department Local Government & Traditional Affairs	-	-	72 000	-	-	-	-	-	-	-	NO	N/A	YES	N/A
Tourism Attraction Facility	Development Bank of South Africa External Loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
HOUSING PROVINCE															
Mphopheni 1	Department of Housing	-	-	-	-	-	-	-	-	-	-	NO	N/A	YES	N/A
Mphopheni 2	Department of Housing	-	-	-	-	-	-	-	-	-	-	NO	N/A	YES	N/A
Mphopheni 3	Department of Housing	-	-	235 204	92 656	276 950	-	-	235 204	92 656	276 950	NO	N/A	YES	N/A
33 & 34	Department of Housing	-	37 370	1 299 910	513 141	203 124	-	37 370	1 299 910	785 860	318 530	NO	N/A	YES	N/A
33 & 34 infrastructure	Department of Housing	-	-	-	-	-	-	-	-	-	-	NO	N/A	YES	N/A
Lidgetton West	Department of Housing	-	506 429	272 718	-	-	-	-	-	-	-	NO	N/A	YES	N/A
Zenzani	Department of Housing	-	-	-	-	-	-	7 868	-	3 780	-	NO	N/A	YES	N/A
Nottingham Rd	Department of Housing	-	-	-	-	-	-	-	-	25 000	-	NO	N/A	YES	N/A
Lions River	Department of Housing	-	-	-	-	-	-	-	-	-	-	NO	N/A	YES	N/A
Emanleni/Deeside	Department of Housing	-	-	173 521	-	-	-	-	228 935	-	45 030	NO	N/A	YES	N/A
Kwamevana	Department of Housing	-	-	-	-	-	-	-	-	-	-	NO	N/A	YES	N/A
Kwamevana infrastructure	Department of Housing	-	-	-	-	-	-	-	-	-	-	NO	N/A	YES	N/A
Cedara	-	-	-	-	-	204 600	-	-	-	204 600	-	NO	N/A	YES	N/A
OPERATING - OTHER															
Midmar Master Plan 2003/4	Department Local Government & Traditional Affairs	-	-	-	-	-	-	-	-	-	-	NO	N/A	YES	N/A
Environmental Management Plan DBS	Department Local Government & Traditional Affairs	-	-	-	-	-	-	34 928	-	-	-	NO	N/A	YES	N/A
Water Loss Grant	Development Bank of South Africa	503638	99 645	-	-	-	568 983.00	-	-	-	-	NO	N/A	YES	N/A
Assets Grant	Development Bank of South Africa	-	-	-	-	238 605	-	-	-	-	-	NO	N/A	YES	N/A
Local Business Development Board	European Union Gijima/Dept Economic Development	-	57 600	-	72 000	-	-	57 600	-	72 000	-	NO	N/A	YES	N/A
Local Business Support	European Union Gijima/Dept Economic Development	-	17 500	-	-	-	-	17 500	-	-	-	NO	N/A	YES	N/A
Howick Falls Project	European Union Gijima/Dept Economic Development	-	-	-	80 000	-	-	-	-	39 810	39 810	NO	N/A	YES	N/A
Agro Processing & Benefaction Project	European Union Gijima/Dept Economic Development	-	-	60 124	-	-	-	-	-	-	-	NO	N/A	YES	N/A
SMME Incubation	European Union Gijima/Dept Economic Development	-	-	180 000	-	-	-	-	-	-	-	NO	N/A	YES	N/A
		8886098	11 358 121	9 663 010	10 048 425	1 595 597	6 058 763	4 837 593	6 729 587	1 502 243	3 192 219				
For the Year Ended 31 March 2007							39 955 653				19 128 186				
For the Year Ended 30 June 2001							32 665 153				16 261 642				